

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

United States Securities and Exchange  
Commission,

Plaintiff,

**V.**

Marlon Quan, Acorn Capital Group, LLC  
and Stewardship Investment Advisors,  
LLC,

Defendants,

and

Asset Based Resource Group, LLC and  
Florence Quan,

### Relief Defendants.

Civil Action No.: 11-CV-723-ADM-JSM

## AFFIDAVIT OF MARK SULLIVAN

[illegible]

I, Mark Sullivan, being first duly sworn upon oath, state and allege as follows:

1. I am a member of Asset Based Resource Group, LLC (“ABRG”).
2. I submit this Affidavit in support of ABRG’s Motion for Leave to Deposit Funds with the Court and to Dismiss ABRG as a Relief Defendant (the “Motion”).

## The Settlement Agreement and ABRG's Receipt of Funds

3. Pursuant to the terms of a global settlement it reached in connection with the Petters matters (the “Settlement Agreement”), ABRG, in its capacity as loan servicer has received:

- a. \$4,721,703.13 on May 20, 2011, from Petters Aviation LLC (“PAV”);
  - b. \$2,531,144.04 on August 10, 2011, from PAV; and
  - c. \$10,939,655.21 on September 15, 2011, from Douglas A. Kelley (“Kelley”),  
in his capacity as Receiver of Petters Aircraft Leasing, LLC (“PAL”).
4. Pursuant to the terms of a Claim Purchase Agreement (the “Claim Purchase Agreement”) with [REDACTED] dated October 26, 2011, as subsequently modified, ABRG agreed to sell, transfer, assign, grant and convey ABRG’s interest in:
  - a. The claims it obtained against Petters Company, Inc. and PAC Funding, LLC as part of the Settlement Agreement; and
  - b. The proceeds of any remission payments payable to ABRG in connection with the receivership proceeding captioned *United States of America v. Thomas Joseph Petters, et al.*, Civil No. 08-SC-5348.
5. As of the time of the filing of the Motion, ABRG has not closed on the Claim Purchase Agreement as it was waiting for a condition to closing to be met. ABRG now believes that the last condition to closing has been met and expects to close by the end of the week.
6. On or before December 2, 2011, ABRG expects to receive [REDACTED] in connection with the sale of those rights.

**Stipulation Between the SEC and the Offshore Funds**

7. On June 30, 2011, ABRG was holding \$18,624,727.39 (the "June 30<sup>th</sup> Funds") in a segregated bank account at Wells Fargo Bank, N.A. (the "Segregated Account").
8. In accordance with an order releasing funds to Nigel Chatterjee, the court-appointed liquidator (the "Bermuda Liquidator") for Stewardship Credit Arbitrage Fund, Ltd., Putnam Green, Ltd., and SCAF, I, Ltd. (collectively, the "Offshore Funds") entered on July 18, 2011 by the United States District Court for the District of Minnesota (the "Order Releasing Funds"), ABRG has paid the following amounts to the Bermuda Liquidator:
  - a. \$11,690,636.50 on July 20, 2011;
  - b. \$2,249,404.93 on August 15, 2011; and
  - c. \$5,003,721.72 on September 19, 2011.
9. Following the anticipated receipt of [REDACTED] from [REDACTED], ABRG will distribute [REDACTED] to the Bermuda Liquidator in compliance with the Order Releasing Funds and the remaining funds will be held in the Segregated Account.
10. As of November 30, 2011, \$13,163,723.96 was in the Segregated Account. Attached hereto as Exhibit 1 is a true and correct copy of a Wells Fargo account statement in connection with those funds.
11. After paying the Bermuda Liquidator the amounts set forth above and after deducting the amounts necessary to pay bank fees associated with receiving and transferring those funds, ABRG anticipates that approximately [REDACTED] (the "Remaining Funds") will remain in the Segregated Account.

**Non-Petters Funds Currently Controlled by ABRG**

12. In addition to the sums identified above, ABRG has control over the following funds:

- a. Voltarc Technologies (A) \$3,170.45;
- b. Voltarc Technologies (B) \$8,102.58;
- c. Highridge, LLC \$601,448.21; and
- d. Vassal Jewels LLC \$252,645.97

(the “Non-Petters Funds”). In addition to the funds currently controlled by ABRG, ABRG anticipates receiving additional payments in connection with the Voltarc matter from various account debtors. ABRG does not expect these payments to be material.

13. Based on the ownership of the underlying notes and prior distributions made to these parties, ABRG believes that the Non-Petters Funds should be distributed as follows:

- a. Voltarc Technologies (A)
  - i. \$2,103.27 to the Bermuda Liquidator;
  - ii. \$972.38 to Stewardship Credit Arbitrage Fund, LLC (“SCAF LLC”); and
  - iii. \$94.80 to Livingston Acres, LLC (“LA”).
- b. Voltarc Technologies (B)
  - i. \$7,383.07 to SCAF LLC; and
  - ii. \$719.51 to LA.

- c. Highridge, LLC<sup>1</sup>
  - i. \$408,082.61 to the Bermuda Liquidator;
  - ii. \$120,169.35 to Stewardship International Fund, Ltd.;
  - iii. \$45,048.47 to SCAF LLC; and
  - iv. \$28,147.78 to LA.
- d. Vassal Jewels LLC<sup>2</sup>
  - i. \$131,123.26 to the Bermuda Liquidator;
  - ii. \$37,291.60 to PrideCo Secured Loan Fund, L.P.; and
  - iii. \$84,131.11 to SCAF LLC.

**ABRG Has Been Terminated as the Servicer**

14. As a servicer for the loans Acorn Capital Group, LLC (“Acorn”) had made and sold primarily to the Offshore Funds and SCAF LLC, Putnam Green, LLC, Acorn, and ACG II, LLC (collectively, the “Onshore Funds”), ABRG’s job was to collect and liquidate a finite set of assets as directed. From the day it was retained, all of the relevant parties understood that ABRG’s task would eventually be completed and that ABRG would at that time be terminated as the servicer.

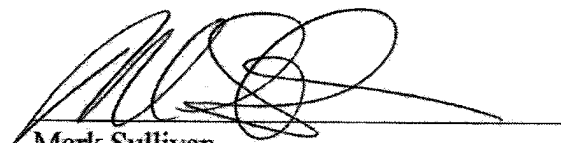
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<sup>1</sup> In calculating these amounts, ABRG has relied on information obtained from Acorn as a portion of these funds were received prior to ABRG becoming the servicer.

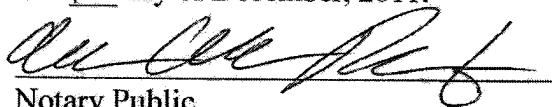
<sup>2</sup> In calculating these amounts, ABRG has relied on information obtained from Acorn as a portion of these funds were received prior to ABRG becoming the servicer.

15. On September 27, 2011, ABRG received notices from the Bermuda Liquidator and DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main that it would be terminated effective December 31, 2011. Because ABRG has no other business activities, ABRG plans to terminate its employee shortly after December 31<sup>st</sup> and has actively begun the process of winding down its affairs. After December 31<sup>st</sup>, ABRG's managing members will seek other employment.
16. ABRG has prepared Exhibits A-C to facilitate the transfer of future payments from (i) Kelley, in his capacity as receiver for PAL, and (ii) PAV to the Bermuda Liquidator and the Court. These arrangements shall entail:
  - a. Evidence of Transfer of Claim with the Bankruptcy Court in *In re Petters Aviation, LLC*, Bankr. Court No. 08-bk-45136 (RJK)—Exhibit A attached hereto;
  - b. Notice of Transfer to Jay Salmen—Exhibit B attached hereto; and
  - c. Notice of Transfer to Kelley, in his capacity as Receiver for PAL—Exhibit C attached hereto.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

  
Mark Sullivan

Subscribed and sworn to before me  
this 1<sup>st</sup> day of December, 2011.



Notary Public

Anthony William Palumbo Jr.  
State of Connecticut  
County of Fairfield  
6453938v1



ANTHONY WILLIAM PALUMBO JR  
Notary Public  
My Commission Expires May 31, 2016



Wells Fargo Business Online®

## Account Activity

BUSINESS HIGH YIELD SAVINGS XXXXXX0409

### Activity Summary

Ending Balance as of 11/30/11	\$13,163,723.96
Ending Collected Balance as of 11/30/11	\$13,163,723.96
Available Balance	\$13,163,723.96
Interest earned this period	\$0.00
Interest paid year-to-date	\$38,309.73

### Transactions

Show: All Transactions for Last 90 Days

Date ▾	Description	Deposits / Credits	Withdrawals / Debits
<b>Pending Transactions</b>			
No pending transactions meet your criteria above.			
<b>Posted Transactions</b>			
11/30/11	INTEREST PAYMENT	\$2,488.24	
10/31/11	INTEREST PAYMENT	\$2,794.20	
09/30/11	INTEREST PAYMENT	\$2,271.41	
09/19/11	WT FED#06954 BERMUDA COMMERCIAL /FTR/BNF=STEWARDSHIP CREDIT ARBITRAGE FUND SRF# 0065938262722694 TRN#110919075869 RFB#		\$5,003,721.72
09/19/11	WIRE TRANS SVC CHARGE - SEQUENCE: 110919075869 SRF# 0065938262722694 TRN#110919075869 RFB#		\$30.00
09/15/11	WIRE TRANS SVC CHARGE - SEQUENCE: 110915046521 SRF# 110915014109 TRN#110915046521 RFB# 110915014109		\$15.00
09/15/11	WT FED#01354 U.S. BANK N.A. /ORG=PETTERS AIR CRAFT LEASING LLC, RECV SRF# 110915014109 TRN#110915046521 RFB# 110915014109	\$10,939,655.21	
<b>Totals</b>		<b>\$10,947,209.06</b>	<b>\$5,003,766.72</b>

Equal Housing Lender

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EXHIBIT

1



**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

In re:

Bky. Case No. 08-45136 (RJK)

Petters Aviation, LLC,  
  
Debtor.

Chapter 11

**Evidence of Transfer of Claim**

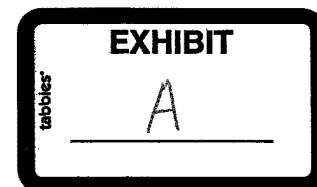
To: Clerk, United States Bankruptcy Court, District of Minnesota

Asset Based Resource Group, LLC, a limited liability company organized under the laws of the State of Connecticut, with offices located at 1177 High Ridge Road, Stamford, Connecticut 06905 ("ABRG"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby certify that it has unconditionally transferred and assigned to:

1. Nigel Chatterjee, in his capacity as the court-appointed liquidator for Stewardship Credit Arbitrage Fund, Ltd. ("SCAF, Ltd.") 88.8691% of ABRG's interest in Claim No. 20 and 21 filed in the above-captioned bankruptcy proceeding (collectively, the "Claims"); and
2. The United States District Court for the District of Minnesota Registry of Court to be held for the benefit of Stewardship Credit Arbitrage Fund, LLC (the "Registry") 11.1309% of the Claims pursuant to the terms of the December \_\_, 2011 "Order Granting Motion for Leave to Deposit Funds with the Court and to Dismiss Asset Based Resource Group, LLC as a Relief Defendant" in SEC v. Quan, et al., No. 11-cv-723-ADM-JSM (D. Minn.) (Dkt. # \_\_) (the "Registry").

ABRG hereby waives any notice or hearing requirements imposed by Rule 3001 of the Federal Rules of Bankruptcy Procedure, and stipulates that an order may be entered recognizing this transfer of claim:

1. As an unconditional transfer and assignment;
2. SCAF, Ltd. as the valid owner of 88.8691% of the Claims; and



3. The Registry as the valid owner of 11.1309% of the Claims pursuant to the terms of the December \_\_, 2011 "Order Granting Motion for Leave to Deposit Funds with the Court and to Dismiss Asset Based Resource Group, LLC as a Relief Defendant" in SEC v. Quan, et al., No. 11-cv-723-ADM-JSM (D. Minn.) (Dkt. #\_\_).

ABRG requests that all future notices and other communications regarding the Claims be made to SCAF, Ltd., the Registry and the United States Securities and Exchange Commission (to the attention of \_\_\_\_\_, Chicago Regional Office, 175 W. Jackson Blvd., Suite 900, Chicago, IL 60604, (312) 353-7390). ABRG also requests that all future payments and distributions be made to SCAF, Ltd. and the Registry. All payments and/or distributions made to the Registry shall be made according to the procedures identified in the December \_\_, 2011 "Order Granting Motion for Leave to Deposit Funds with the Court and to Dismiss Asset Based Resource Group, LLC as a Relief Defendant" in SEC v. Quan, et al., No. 11-cv-723-ADM-JSM (D. Minn.) (Dkt. #\_\_).

Dated: December \_\_, 2011

**ASSET BASED RESOURCE GROUP, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

6435055v2

### NOTICE OF TRANSFER

December \_\_, 2011

Jay Salmen

Creditors' Trustee of the Creditors Trust

Established by the Petters Aviation, LLC

and Elite Landings, LLC Third Modified

Plan of Liquidation

P.O. Box 16352

St. Paul, MN 55116

Re: Claim No. 20 and 21 in the Petters Aviation, LLC Bankruptcy Proceeding

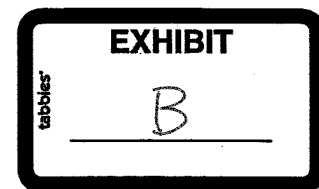
Asset Based Resource Group, LLC ("ABRG") wishes to advise you that ABRG has transferred all of its interest in Claim No. 20 and 21 (the "Claims") in the Petters Aviation, LLC bankruptcy proceeding, Case No. 08-45136 (RJK) as follows:

1. 88.8691% to Nigel Chatterjee, in his capacity as the court-appointed liquidator for Stewardship Credit Arbitrage Fund, Ltd. ("SCAF, Ltd."); and
2. 11.1309% to the United States District Court for the District of Minnesota Registry of Court to be held for the benefit of Stewardship Credit Arbitrage Fund, LLC pursuant to the terms of the December \_\_, 2011 "Order Granting Motion for Leave to Deposit Funds with the Court and to Dismiss Asset Based Resource Group, LLC as a Relief Defendant" in SEC v. Quan, et al., No. 11-cv-723-ADM-JSM (D. Minn.) (Dkt. # \_\_) (the "Registry").

ABRG hereby provides irrevocable instructions to pay SCAF, Ltd. and the Registry, their successors and assigns all payments, dividends and other distributions with respect to the Claims. All payments made to the Registry shall be made according to the procedures identified in the December \_\_, 2011 "Order Granting Motion for Leave to Deposit Funds with the Court and to Dismiss Asset Based Resource Group, LLC as a Relief Defendant" in SEC v. Quan, et al., No. 11-cv-723-ADM-JSM (D. Minn.) (Dkt. # \_\_). These instructions may not be revoked, altered, amended, modified, waived or released without written consent of such payee.

Upon receipt of this Notice, we ask that you acknowledge that you have received this Notice of Transfer.

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Dated: December \_\_\_, 2011

**ASSET BASED RESOURCE GROUP, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Receipt Acknowledged:

**Jay Salmen, Creditors' Trustee of the  
Creditors Trust Established by the  
Petters Aviation, LLC and Elite  
Landings, LLC Third Modified Plan of  
Liquidation**

By: \_\_\_\_\_

6401063v1

cc: James Rubenstein

## NOTICE OF TRANSFER

December \_\_, 2011

Doug Kelley, in his capacity  
as Receiver of Petters  
Aircraft Leasing, LLC  
431 S. Seventh St., Suite 2530  
Minneapolis, MN 55415

Re: Claim held by Asset Based Resource Group against Petters Aircraft Leasing LLC

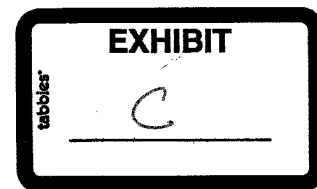
Asset Based Resource Group, LLC ("ABRG") wishes to advise you that ABRG has transferred all of its interest in the claim recognized and granted to it in paragraph 3 of the Amended and Restated Settlement Agreement and Mutual Release dated January 25, 2011 (the "Claim") as follows:

1. 45.7393% to Nigel Chatterjee, in his capacity as the court-appointed liquidator for Stewardship Credit Arbitrage Fund, Ltd. ("SCAF, Ltd."); and
2. 54.2607% to the United States District Court for the District of Minnesota Registry of Court to be held for the benefit of Stewardship Credit Arbitrage Fund, LLC pursuant to the terms of the December \_\_, 2011 "Order Granting Motion for Leave to Deposit Funds with the Court and to Dismiss Asset Based Resource Group, LLC as a Relief Defendant" in SEC v. Quan, et al., No. 11-cv-723-ADM-JSM (D. Minn.) (Dkt. # \_\_) (the "Registry").

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(remainder of page blank; signatures on following page)



Dated: December \_\_, 2011

**ASSET BASED RESOURCE GROUP, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Receipt Acknowledged:

**Doug Kelley, in his capacity  
as Receiver of Petters  
Aircraft Leasing, LLC**

By: \_\_\_\_\_

6437090v1

cc: Daryle Uphoff